



# *Policies and Procedures*

Canada



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## *Terms and Conditions*

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### Introduction

#### 1.1 - Policies and Compensation Plan Incorporated into Market Partner Agreement

The Policies and Procedures, in their present form and as amended at the sole discretion of MONAT Global Canada (hereafter, "Monat" or the "Company"), are incorporated into, and form an integral part of, the MONAT Market Partner Agreement. Throughout these Policies, when the term "Agreement" is used, it collectively refers to the MONAT Market Partner Application and Agreement, these Policies and Procedures, the MONAT Compensation Plan, and the MONAT Business Entity Registration Form (if applicable). These documents are incorporated by reference into the MONAT Market Partner Agreement (all in their current form and as amended by MONAT). It is the responsibility of each Market Partner to read, understand, adhere to and ensure that he or she is aware of and operating under the most current version of these Policies and Procedures and other documents that form part of the Agreement. When sponsoring or enrolling a new Market Partner, it is the responsibility of the sponsoring Market Partner to ensure that the applicant is provided with, or has online access to, the most current version of these Policies and Procedures and the Monat Compensation Plan prior to his or her execution of the Market Partner Agreement.

#### 1.2 - Purpose of Policies

MONAT is a direct sales company that markets its products through Independent Market Partners (hereafter "Market Partner" or "Market Partners"). It is important to understand that your success and the success of your fellow Market Partners depends on the integrity of the individuals who market our products. To clearly define the relationship that exists between Market Partners and MONAT, and to explicitly set a standard for acceptable business conduct, MONAT has established the Agreement.

MONAT Market Partners are required to comply with all of the Terms and Conditions set forth in the Agreement which MONAT may amend at its sole discretion from time to time, as well as all federal, provincial and municipal laws governing their MONAT business and their conduct. It is very important that you read and abide by the Agreement. Please review the information in these Policies and Procedures carefully. It explains and governs the relationship between you, as an independent contractor and the Company. If you have any questions regarding any policy or rule, do not hesitate to seek an answer from your Sponsor or from MONAT Global.

#### 1.3 - Changes to the Agreement

Because federal, provincial, and municipal laws, as well as the business environment, periodically change, Monat reserves the right to amend the Agreement and its prices in its sole and absolute discretion. By signing the Market Partner Agreement, a Market Partner agrees to abide by all amendments or modifications that Monat elects to make. Amendments shall be effective 30 days after publication of notice that the Agreement has been modified. Amendments shall not apply retroactively to conduct that occurred prior to the effective date of the amendment. Notification of amendments shall be published in official Monat materials. The Company shall provide or make available to all Market Partners a complete copy of the amended provisions by one or more of the following methods: (1) posting on the Company's official web site; (2) electronic mail (e-mail); (3) posting in the Market Partner's back office; (4) inclusion in Company periodicals; (5) inclusion in product orders; or (6) special mailings. The continuation of a Market Partner's Monat business or a Market Partner's acceptance of bonuses or commissions constitutes acceptance of any and all amendments.

#### 1.4 - Delays

MONAT shall not be responsible for delays or failure in performance of its obligations when performance is made commercially impracticable due to circumstances beyond its reasonable



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control. This includes, without limitation, strikes, labor difficulties, riot, war, fire, death, curtailment of a source of supply, or government decrees or orders.

### **1.5 – Policies and Provisions Severable**

If any provision of the Agreement, in its current form or as may be amended, is found to be invalid or unenforceable for any reason, only the invalid portion(s) of the provision shall be severed and the remaining terms and provisions shall remain in full force and effect. The severed provision, or portion thereof, shall be reformed to reflect the purpose of the provision as closely as possible.

### **1.6 – Waiver**

The Company never gives up its right to insist on compliance with the Agreement and with the applicable laws governing the conduct of a business. No failure of Monat to exercise any right or power under the Agreement or to insist upon strict compliance by a Market Partner with any obligation or provision of the Agreement, and no custom or practice of the parties at variance with the terms of the Agreement, shall constitute a waiver of MONAT'S right to demand exact compliance with the Agreement. Waiver by Monat can be effectuated only in writing by an authorized officer of the Company. MONAT'S waiver of any particular breach by a Market Partner, or MONAT'S waiver of any particular provision of the Market Partner Agreement or these Policies and Procedures, shall not affect or impair MONAT'S rights with respect to any subsequent breach, nor shall it affect in any way the rights or obligations of any other Market Partner. Nor shall any delay or omission by MONAT to exercise any right arising from a breach affect or impair MONAT'S rights as to that or any subsequent breach.

The existence of any claim or cause of action of a Market Partner against MONAT shall not constitute a defense to MONAT'S enforcement of any term or provision of the Agreement.



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### Section 2 – BECOMING A MARKET PARTNER

#### 2.1 – Requirements to Become a Market Partner

To become a MONAT Market Partner, each applicant must:

- a) Be of the age of majority in his or her province of residence;
- b) Reside in the Canada;
- c) Provide MONAT with his or her valid Social Insurance Number or Business Number;
- d) Purchase a MONAT Starter Kit;
- e) Submit a properly completed Market Partner Application and Agreement to MONAT either in hard copy or online format.

The Company reserves the right to reject any applications for a new Market Partner or applications for renewal.

#### 2.2 – Business Kits and Product Purchases

Except for the purchase of a MONAT Starter Kit, no person is required to purchase MONAT products, services or sales aids, or to pay any charge or fee to become a Market Partner. In order to familiarize new Market Partners with MONAT products, services, sales techniques, sales aids, and other matters, the Company requires that they purchase a Starter Kit, which is sold at MONAT'S cost price.

MONAT will repurchase resalable Starter Kits from any Market Partner who terminates his or her Market Partner Agreement pursuant to the terms of Section 7.3.

#### 2.3 – Market Partner Benefits

Once a Market Partner's Application and Agreement has been accepted by MONAT, the benefits of the Agreement are available to the new Market Partner. These benefits include the right to:

- a) Arrange sale of MONAT products and earn commission from these sales;
- b) Recruit regular customers into VIP Customers.
- c) Sponsor other individuals to be Market Partners in the MONAT business and thereby, build a Marketing Organization whose sales will assist you in progressing through the MONAT Compensation Plan;
- d) Receive periodic MONAT literature and other MONAT communications;
- e) Participate in MONAT-sponsored support, service, training, motivation and recognition functions, upon payment of appropriate charges, if applicable; and
- f) Participate in promotional and incentive contests and programs sponsored by MONAT for its Market Partners.

#### 2.4 – Term and Renewal of the Agreement

The term of the Agreement is one year from the date of its acceptance by MONAT (subject to prior termination pursuant to Section 10). Market Partners may renew their Agreement each year by purchasing an annual renewal package for \$20.00 on or before the anniversary date of their Agreement. If the renewal package is not purchased before the anniversary date the Agreement will terminate, and the Market Partner will no longer be entitled to arrange sales of MONAT products, or earn commissions.

However, if a Market Partner purchases a renewal package within 30 days after the expiration of the current term of the Agreement, MONAT will consider the Agreement to be retroactively renewed as of the anniversary date.

Under the plan the cost of the renewal package will be charged to the Market Partner's credit card on file. Market Partners without a credit card or debit card may renew by phone or through their Back Offices.



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### SECTION 3 – OPERATING A MONAT BUSINESS

#### **3.1 – Adherence to the MONAT Marketing Plan**

Market Partners must adhere to the terms of the MONAT Marketing Plan as set forth in official MONAT literature. Market Partners shall not offer the MONAT opportunity through, or in combination with, any other system, program, sales tool, or method of marketing other than that specifically set forth in official MONAT literature. Market Partners shall not require or encourage other current or prospective Market Partners or VIP Customers to participate in MONAT in any manner that varies from the program as set forth in official MONAT literature. Market Partners shall not require or encourage other current or prospective Market Partners or VIP Customers to execute any agreement or contract other than official MONAT agreements and contracts in order to become a MONAT Market Partner or VIP Customer. Similarly, Market Partners shall not require or encourage other current or prospective VIP Customers or Market Partners to make any purchase from, or payment to any individual or other entity to participate in the MONAT Compensation Plan other than those purchases or payments identified as recommended or required in official MONAT literature.

#### **3.2 – Advertising**

##### **3.2.1 – General**

All Market Partners shall safeguard and promote the good reputation of MONAT and its products. The marketing and promotion of MONAT, the MONAT opportunity, the Compensation Plan, and MONAT products shall be consistent with the public interest, and must avoid all discourteous, deceptive, misleading, unethical or immoral conduct or practices.

To promote both the products and tremendous opportunity MONAT offers, Market Partners must use the sales aids and support materials produced by MONAT. The rationale behind this requirement is simple. MONAT has carefully designed its products, product labels, Compensation Plan, and promotional materials to ensure that each aspect of MONAT is fair, truthful, substantiated, and complies with the vast and complex legal requirements of federal and state laws. If MONAT Market Partners were allowed to develop their own sales aids and promotional materials, notwithstanding their integrity and good intentions, the likelihood that they would unintentionally violate any number of statutes or regulations affecting a MONAT business is almost certain. These violations, although they may be relatively few in number, would jeopardize the MONAT opportunity for all Market Partners.

Accordingly, Market Partners must not produce their own literature, advertisements, sales aids, business tools, promotional materials, or Internet web pages. Nor may Market Partners use any literature, advertisements, sales aids, business tools, promotional materials, or Internet web pages obtained from any source other than the Company. Market Partners may download and obtain approved promotional materials through the Back Office.

##### **3.2.2 – Online Conduct**

###### **A. No Independent Websites**

No Market Partner may independently design a website that uses the names, logos, or product descriptions of MONAT or otherwise promotes (directly or indirectly) MONAT products or the MONAT opportunity. Nor may a Market Partner use "blind" ads on the Internet that make product or income claims which are ultimately associated with MONAT products, the MONAT opportunity, or the MONAT Compensation Plan. The use of any other Internet website or web page (including without limitation auction sites such as eBay) to in any way promote the sale of MONAT products, the MONAT opportunity, or the Compensation Plan is a breach of the Agreement and may result



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in any of the sanctions set forth in Section 8.1.

### **B. Replicated Websites**

If a Market Partner desires to utilize an Internet web page to promote his or her business, he or she may do so through the Company's replicated website program only. This program permits Market Partners to advertise on the Internet and can be personalized with the Market Partner's message and the Market Partner's contact information. These websites seamlessly linked directly to the official MONAT website giving the Market Partner a professional and Company-approved presence on the Internet.

There is no additional charge for the Replicated Website. Market Partners are solely responsible and liable for the content they add to their Replicated Websites and must regularly review the content to ensure it is accurate and relevant.

Market Partners may not alter the branding, artwork, look, or feel of their Replicated Websites, and may not use their Replicated Websites to promote, market or sell non-MONAT products, services or business opportunities. Specifically, a Market Partner may not alter the look (placement, sizing etc.) or functionality of the following:

- The MONAT Independent Market Partner Logo
- The Market Partner's Name
- MONAT Corporate Website Redirect Button
- Artwork, logos, or graphics
- Original text.

Because Replicated Websites reside on the mymonat.com domain, MONAT reserves the right to receive analytics and information regarding the usage of your Replicated Website.

By default, a Market Partner's MONAT Replicated Website URL is [www.mymonat.com/<Market Partner ID#>](http://www.mymonat.com/<Market Partner ID#>). The Market Partner must change this default ID and choose a uniquely identifiable website name that cannot:

- Be confused with other portions of the MONAT corporate website;
- Confuse a reasonable person into thinking they have landed on a MONAT corporate page;
- Be confused with any MONAT name;
- Contain any discourteous, misleading, or off-color words or phrases that may damage MONAT's image.

Market Partners may not monetize their Replicated Websites through affiliate programs, adSense or similar programs.

### **C. Domain Names and Email Addresses**

Market Partners may not use or attempt to register any of MONAT's trade names, trademarks, service names, service marks, product names, the Company's name, or any derivative thereof, for any Internet domain name. Nor may Market Partners incorporate or attempt to incorporate any of the Company's trade names, trademarks, service names, service marks, product names, the Company's name, or any derivative thereof, into any email address except in manner approved by the company.

### **D. Linking**

When directing web traffic to a MONAT Replicated Website it must be evident from a combination of the link and the surrounding context that the link will be resolving to the site of an independent



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MONAT Market Partner. Attempts to mislead web traffic into believing they are going to a MONAT corporate site, when in fact they land at a Market Partner's Replicated Website will not be allowed. The determination as to what is misleading or what constitutes a reasonable reader will be at MONAT's sole discretion.

### **E. Online Classifieds**

Market Partners may not use online classifieds (including Craigslist) to list, sell or retail specific MONAT products or product bundles. Market Partners may use online classifieds (including Craigslist) for prospecting, recruiting, sponsoring and informing the public about the MONAT business opportunity, provided MONAT-approved templates/images are used. These templates will identify the Market Partner as an Independent MONAT Market Partner. If a link or URL is provided, it must link to the Market Partner's Replicated Website.

### **F. eBay / Online Auctions**

MONAT products may not be listed on eBay or other online auctions, nor may Market Partners enlist or knowingly allow a third party to sell MONAT products on eBay or other online auction.

### **G. Online Retailing**

Market Partners may not list or sell MONAT products on any online retail store or ecommerce site or platform (including an e-commerce site created or operated by a Market Partner) such as Amazon, AliBaba, eBay Stores, etc. Nor may a Market Partner enlist or knowingly allow a third party to sell MONAT products on any online retail store or ecommerce site.

### **H. Banner Advertising**

Market Partners may place banner advertisements on a website provided the Market Partner uses MONAT-approved templates and images. All banner advertisements must link to a Market Partner's Replicated Website. Market Partners may not use blind ads (ads that do not disclose the identity of the Company) or web pages that make product or income claims that are ultimately associated with MONAT products or the MONAT opportunity.

### **I. Spam Linking**

Spam linking is defined as multiple consecutive submissions of the same or similar content into blogs, wikis, guest books, websites or other publicly accessible online discussion boards or forums and is not allowed. This includes blog spamming, blog comment spamming and/or spamdexing. Any comments that a Market Partner makes on blogs, forums, guest books etc. must be unique, informative and relevant.

### **J. Digital Media Submission**

Market Partners may upload, submit or publish MONAT-related video, audio or photo content that they develop and create so long as it aligns with MONAT values, contributes to the MONAT community greater good and is in compliance with these Policies and Procedures. All submissions must clearly identify the submitter as an Independent MONAT Market Partner in the content itself and in the content description tag, must comply with all copyright/legal requirements, and must state that the submitter is solely responsible for this content. Market Partners may not upload, submit or publish any content (video, audio, presentations or any computer files) received from MONAT or captured at official MONAT events or in buildings owned or operated by MONAT without prior written permission.

### **K. Sponsored Links / Pay-Per-Click (PPC) Ads**

Sponsored links or pay-per-click ads (PPC) are acceptable. The destination URL must be to the



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sponsoring Market Partner's Replicated Website. The display URL must also be to the sponsoring Market Partner's Replicated Website, and must not portray any URL that could lead the user to believe they are being directed to a MONAT Corporate site, or be inappropriate or misleading in any way.

### **L. Social Media**

In addition to meeting all other requirements specified in these Policies and Procedures, should a Market Partner utilize any form of social media, including but not limited to Facebook, Twitter, LinkedIn, YouTube, Instagram, or Pinterest, the Market Partner agrees to each of the following:

- No product sales or enrollments may occur on any social media site. To generate sales, a social media site must link only to the Market Partner's MONAT Replicated Website.
- It is each Market Partner's responsibility to follow the social media site's terms of use. If the social media site does not allow its site to be used for commercial activity, you must abide by the site's terms of use.
- Any social media site that is directly or indirectly operated or controlled by a Market Partner that is used to discuss or promote MONAT's products or the MONAT opportunity may not link to any website, social media site, or site of any other nature, other than the Market Partner's MONAT replicated website.
- During the term of this Agreement and for a period of 12 calendar months thereafter, a Market Partner may not use any social media site on which they discuss or promote, or have discussed or promoted, the MONAT business or MONAT's products to directly or indirectly solicit MONAT Market Partners for another direct selling or network marketing program (collectively, "direct selling"). In furtherance of this provision, a Market Partner shall not take any action that may reasonably be foreseen to result in drawing an inquiry from other Market Partners relating to the Market Partner's other direct selling business activities. Violation of this provision shall constitute a violation of the nonsolicitation provision in Section 3.10 below.
- A Market Partner may post, "pin" or "tag" photographs of MONAT products on a social media site, but only photos that are provided by MONAT and downloaded from the Market Partner's Back-Office may be used.

If a Market Partner creates a business profile page on any social media site that promotes or relates to MONAT, its products, or opportunity, the business profile page must relate exclusively to the Market Partner's MONAT business and MONAT products. If the Market Partner's MONAT business is cancelled for any reason or if the Market Partner becomes inactive, the Market Partner must deactivate the business profile page.

### **3.2.3 – Telephone Directory Listings and Telephone Answering**

Market Partners may list themselves as an "Independent MONAT Market Partner" in the white or yellow pages of the telephone directory, or with online directories, under their own name. No Market Partner may place telephone or online directory display ads using MONAT's name or logo. Market Partners may not answer the telephone by saying "MONAT", "MONAT Incorporated", or in any other manner that would lead the caller to believe that he or she has reached corporate offices of MONAT. A Market Partner may use the phrase "Independent MONAT Market Partner" in telephone greetings or on an answering machine or voicemail system to clearly separate the Market Partner's independent MONAT business from MONAT.

If a Market Partner wishes to post his or her name in a telephone or online directory, it must be listed in the following format:

Market Partner's Name  
Independent MONAT Market Partner



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### **3.2.4 – Trademarks and Copyrights**

The name of MONAT and other names as may be adopted by MONAT are proprietary trade names, trademarks and service marks of MONAT (collectively "marks"). As such, these marks are of great value to MONAT and are supplied to Market Partners for their use only in an expressly authorized manner. MONAT will not allow the use of its trade names, trademarks, designs, or symbols by any person, including MONAT Market Partners, without its prior, written permission. As an independent Market Partner, you may use the MONAT name in the following manner

Market Partner's Name  
Independent MONAT Market Partner

Example:  
Alice Smith  
Independent MONAT Market Partner

The content of all Company sponsored events is copyrighted material. Market Partners may not produce for sale or distribution any recorded Company events and speeches without written permission from MONAT; nor may Market Partners reproduce for sale or for personal use any recording of Company-produced audio or video tape presentations.

### **3.2.5 – Media and Media Inquiries**

Market Partners must not attempt to respond to media inquiries regarding MONAT, its products, or their independent MONAT business. All inquiries by any type of media must be immediately referred to the MONAT Home Office. This policy is designed to assure that accurate and consistent information is provided to the public as well as a proper public image.

### **3.2.6 – Television and Radio Advertising**

Market Partners must not utilize radio or television media for the advertising, distribution or promotion of MONAT products or opportunity without the express written consent of MONAT. In the event that MONAT does grant permission for the use of such media, MONAT must have final authority on every stage of the productions process with full rights to all recordings.

### **3.2.7 – Unsolicited Email**

MONAT does not permit Market Partners to send unsolicited commercial emails unless such emails strictly comply with applicable laws and regulations including, without limitation, the federal Canadian Anti - Spam Law ("CASL"). Any email sent by a Market Partner that promotes MONAT, the MONAT opportunity, or MONAT products must comply with the following:

- a) The Market Partner must have prior express or implied consent of the recipient who will be receiving the e-mail. Express consent comes from an "opt-in" to receiving e-mails. Implied consent comes from pre-existing family and business relationships as defined in CASL.
- b) There must be a functioning return email address to the sender, which remains valid for a minimum of 60 days after the message has been sent.
- c) There must be a notice in the email that advises the recipient that he or she may reply to the email, via the functioning return email address, to request that future email solicitations or correspondence not be sent to him or her (a functioning "opt-out" notice).
- d) The email must include the Market Partner's name, physical mailing address and e-mail address.
- e) The email must clearly and conspicuously disclose that the message is an advertisement or solicitation.



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- f) The use of deceptive subject lines and/or false header information is prohibited.
- g) All opt-out requests, whether received by email or regular mail, must be honored no later than 10 days after receiving the request. If a Market Partner receives an opt-out request from a recipient of an email, the Market Partner must forward a copy of the opt-out request to the Company.

MONAT may periodically send commercial emails on behalf of Market Partners. By entering into the Market Partner Agreement, Market Partner agrees that the Company may send such emails and that the Market Partner's physical and email addresses will be included in such emails as outlined above. Market Partners shall honor opt-out requests generated as a result of such emails sent by the Company.

### **3.2.8 – Unsolicited Faxes and Unsolicited Phone Calls**

Except as provided in this section, Market Partners may not use or transmit unsolicited faxes or use an automatic telephone dialing system in connection with the operation of their MONAT businesses. The term "unsolicited faxes" means the transmission via fax of any material or information advertising or promoting MONAT, its products, the Compensation Plan or any other aspect of the company which is transmitted to any person, except that any person with whom the Market Partner has an established business or personal relationship. The term "established business or personal relationship" means a prior or existing relationship formed by a voluntary two way communication between a Market Partner and a person, on the basis of: (a) an inquiry, application, purchase or transaction by the person regarding products offered by such Market Partner; or (b) a personal or familial relationship, which relationship has not been previously terminated by either party. The term "automatic telephone dialing system" means equipment which has the capacity to: (a) store or produce telephone numbers to be called, using a random or sequential number generator; and (b) to dial such numbers.

### **3.3 – Bonus Buying Prohibited**

Bonus buying is strictly and absolutely prohibited. "Bonus buying" includes: (a) the enrollment of individuals or entities without the knowledge or an/or execution of an Independent Market Partner Application and Agreement by such individuals or entities; (b) the fraudulent enrollment of an individual or entity as a Market Partner; (c) the enrollment or attempted enrollment of non-existent individuals or entities as Market Partners ("phantoms"); (d) purchasing MONAT products on behalf of another Market Partner or under another Market Partner's I.D. number, to qualify for commissions or bonuses; (e) purchasing excessive or commercially unreasonable amounts of goods as "inventory"; and/or (f) any other mechanism or artifice to qualify for rank advancement, incentives, prizes, commissions or bonuses that is not driven by bona fide product purchases by end consumers.

### **3.4 Business Entities**

A corporation, limited liability company (LLC), partnership or trust (collectively referred to in this section as a "Business Entity") may apply to be a MONAT Market Partner by submitting a properly completed Market Partner Application and Agreement, a properly completed Business Entity Registration Form. If a Market Partner enrolls online, the Entity Documents and Business Entity Registration Form must be submitted to MONAT within 30 days of the online enrollment. (if not received within the 30-day period, the Agreement shall automatically terminate.) The Business Entity Registration Form must be signed by all of the shareholders, members, partners or trustees. The Business Entity and its shareholders, members, managers, partners, trustees, or other parties with any ownership interest in, or management responsibilities for, the Business Entity (collectively "Affiliated Parties") are individually, jointly and severally liable for any indebtedness to MONAT, compliance with the MONAT Policies and Procedures, compliance with the Market Partner



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Agreement, and all other obligations to MONAT hereunder.

To prevent the circumvention of Section 3.28 (which prohibits the sale, transfer, or assignment of a MONAT business), additional partners, shareholders, members or other Affiliated Parties may be added to a Business Entity only upon the written approval of the Company. If a partner, shareholder, member or other Affiliated Party is added without the Company's approval, the Market Partner Agreement may be canceled at the Company's discretion. There is a \$50.00 fee for each change requested, which must be included with the written request and completed Market Partner Application and Agreement. MONAT may, at its discretion, require notarized documents before implementing any changes to a MONAT business. Please allow thirty (30) days after the receipt of the request by MONAT for processing. Note that the changes permitted within the scope of this section do not include a change of sponsorship. Changes of sponsorship are addressed at Section 3.5 below.

### **3.4.1 – Changes to a Business Entity**

A Market Partner may change his, her or its status under the same Sponsor from an individual to a Business Entity or from one type of Business Entity to another. There is \$50.00 fee for each change requested, which must be included with the written request and the completed Market Partner Application and Agreement. Such changes shall be processed only once per year and must be submitted by December 1 to become effective on January 1 of the following year. In addition, Market Partners operating their MONAT businesses utilizing a Business Entity must notify MONAT within 10 days of the addition or removal of any officers, directors, shareholders, managers, members or other Affiliated Parties of the Business Entity.

### **3.5 – Change of Sponsor**

To protect the integrity of all Marketing Organizations and safeguard the hard work of all Market Partners, MONAT strongly prohibits changes in sponsorship. Maintaining the integrity of sponsorship is critical for the success of every Market Partner and Marketing Organization. Accordingly, the transfer of a MONAT business from one sponsor to another is not permitted except under extreme circumstances and any such change must be approved not only by the Company but by all affected parties.

MONAT strictly prohibits Market Partners from giving consideration for the right to receive compensation by reason of the recruitment into the Compensation Plan of another Market Partner, who then gives consideration for the same right.

Without limiting the generality of the foregoing, and while allowing Market Partners the right to sponsor other Market Partners into the Compensation Plan, MONAT does not pay any bonuses, commissions or other remuneration, or allow Market Partners to make similar payments, for mere sponsoring.

To the contrary, Market Partners acknowledge that there is only one revenue earning event, namely arranging for the sale of MONAT products and services to retail customers, and that payment of all bonuses, commissions and other remuneration to Market Partners under the Compensation Plan is properly to be construed as either payment for the service of arranging for the sale of MONAT products, or as payments in respect of the volume of sales of products or services to others arranged by the Market Partner or other Distributors, and all other efforts related to same shall be construed as incidental thereto.

Accordingly, no commissions, bonuses, or other business revenues shall be earned from the mere sponsorship or enrollment of any other Market Partner, or the mere personal consumption by a Market Partner.



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Market Partners are also strictly prohibited from making or representing that compensation is payable for anything other than arranging for the sale of MONAT product or services.

### **3.5.1 – Cancellation and Re-application**

A Market Partner may legitimately change organizations by voluntarily cancelling his or her MONAT business and remaining inactive (i.e., no purchases of MONAT products, no sales of MONAT products, no sponsoring, no attendance at any MONAT functions, and no participation in any other form of Market Partner activity, or operation of any other MONAT business) for six (6) full calendar months. Following the six month period of inactivity, the former Market Partner may reapply under a new Sponsor, however, the former Market Partner's Marketing Organization will remain in the original line of sponsorship. MONAT will consider waiving the six month waiting period under exceptional circumstances. Such requests for waiver must be submitted to MONAT in writing.

### **3.5.2 – Non-Circumvention; Waiver of Claims**

In the event a Market Partner circumvents the above policies regarding change of Sponsor and changes to a Business Entity, and another downline organization has been developed in the second business developed by a Market Partner, MONAT reserves the sole and exclusive right to determine the final disposition of the downline organization. Resolving conflicts over the proper placement of a downline that has developed under an organization that has improperly switched sponsors is often extremely difficult. Therefore, MARKET PARTNERS WAIVE ANY AND ALL CLAIMS AGAINST MONAT, ITS OFFICERS, DIRECTORS, OWNERS, EMPLOYEES, AND AGENTS THAT RELATE TO OR ARISE FROM MONAT'S DECISION REGARDING THE DISPOSITION OF ANY DOWNLINE ORGANIZATION THAT DEVELOPS BELOW AN ORGANIZATION THAT HAS IMPROPERLY CHANGED LINES OF SPONSORSHIP.

### **3.6 – Unauthorized Claims and Actions**

#### **3.6.1 – Indemnification**

A Market Partner is fully responsible for all of his or her verbal and written statements made regarding MONAT products and the Compensation Plan that are not expressly contained in official MONAT materials. This includes statements and representations made through all sources of communication media, whether person-to-person, in meetings, online, through Social Media, in print, or any other means of communication. Market Partners agree to indemnify MONAT and its directors, officers, employees, and agents, and hold them harmless from any and all liability including judgments, civil penalties, refunds, attorney fees, court costs, or lost business incurred by MONAT as a result of the Market Partner's unauthorized representations or actions. This provision shall survive the termination of the Agreement.

#### **3.6.2 –Product Claims**

No claims (which include personal testimonials) as to therapeutic, curative or beneficial properties of any products offered by MONAT may be made except those contained in official MONAT literature. In particular, Market Partners may make no claims that MONAT products are useful in the cure, treatment, diagnosis, mitigation or prevention of any diseases. Such statements can be perceived as medical or drug claims, and they may lack adequate substantiation. Not only are such claims in violation of the Agreement, but they could also violate the laws and regulations Canada.

#### **3.6.3 – Income Claims**

In their enthusiasm to enroll prospective Market Partners, some Market Partners are occasionally tempted to income claims or earnings representations to demonstrate the inherent power of direct selling. This is counterproductive because new Market Partners may become disappointed very quickly if their results are not as extensive or as rapid as the results others have achieved.



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At MONAT, we firmly believe that the MONAT income potential is great enough to be highly attractive, without reporting the earnings of others.

Moreover, section 55 of the federal Competition Act regulates representations relating to compensation or lifestyle, including testimonials. While Market Partners may believe it beneficial to provide copies of their payment records, or to disclose the earnings of themselves or others, such approaches have legal consequences that can negatively impact MONAT as well as the Market Partner making the claim unless accompanied by fair, reasonable, and timely disclosure of the MONAT Statement of Typical Participant Earnings. Because MONAT Market Partners do not have the data necessary to comply with the legal requirements for making income claims, a Market Partner, when presenting or discussing the MONAT opportunity or Compensation Plan to a prospective Market Partner, may not make income projections, income claims, or disclose his or her MONAT income (including the showing of their MONAT Payment Card records, Back office records, bank statements, or tax records). MONAT Market Partners will disclose the Statement of Typical Participant Earnings which can be found in the Monat Compensation Plan to all prospective Market Partners.

### **3.6.4 – Compensation Plan Claims**

When presenting or discussing the MONAT Compensation Plan, Market Partners must make it clear to prospective Market Partners that financial success with MONAT requires commitment, effort, and sales skill. Conversely, Market Partners must never represent that one can be successful without diligently applying themselves. Examples of misrepresentations in this area include:

- It's a turnkey system;
- The system will do the work for you;
- Just get in and your downline will build through spillover;
- Just join and I will build your downline for you;
- The company does all the work for you;
- You don't have to sell anything; or
- All you have to do is buy your products every month.

The above are just examples of improper representations about the Compensation Plan. It is important that Market Partners do not make these or any other representations that could lead a prospective Market Partner to believe that he or she can be successful as a MONAT Market Partner without commitment, effort, and sales skill.

### **3.7 – Repackaging and Re-labeling Prohibited**

MONAT products may only be sold in their original packaging. Market Partners may not repackage, re-label, or alter the labels on MONAT products. Tampering with labels/packaging could be a violation of federal and provincial laws, and may result in civil or criminal liability. Market Partners may affix a personalized sticker with the Market Partner's personal/contact information to each product or product container, as long as this is done without removing existing labels or covering any text, graphics, or other material on the product label.

### **3.8 – Commercial Outlets**

Market Partners may sell MONAT products from a commercial outlet, and may display or sell MONAT products or literature in a retail or service establishment but only as outlined below.

Market Partners may sell MONAT products from service establishments that are open to the public on an appointment basis and the MONAT products (or literature) are not displayed in locations that are accessible to the general public. (ie. A display in the individual stall or reception area is acceptable but in the window or reception area of a salon is not acceptable).



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Online auction and/or sales facilitation websites, including but not limited to eBay and Craig's List constitute Commercial Outlets, and may not be used to sell MONAT products.

### **3.9 – Trade Shows, Expositions and Other Sales Forums**

Market Partners may display and/or sell MONAT products at trade shows and professional expositions. Before submitting a deposit to the event promoter, Market Partners must contact the MONAT Home Office and obtain permission in writing for conditional approval, as MONAT's policy is to authorize only one MONAT business per event. Final approval will be granted to the first Market Partner who submits an official advertisement of the event, a copy of the contract signed by both the Market Partner and the event official, and a receipt indicating that a deposit for the booth has been paid. Approval is given only for the event specified. Any request to participate in future events must again be submitted to the Market Partner Support Department. MONAT further reserves the right to refuse authorization to participate at any function which it does not deem a suitable forum for the promotion of its products or the MONAT opportunity. Approval will not be given for swap meets, garage sales, flea markets or farmer's markets as these events are not conducive to the professional image MONAT wishes to portray.

### **3.10 – Conflicts of Interest**

#### **3.10.1 – Nonsolicitation**

MONAT Market Partners are free to participate in other direct selling ventures or marketing opportunities (including party plan, network marketing and multilevel marketing) However, during the term of this Agreement, Market Partners may not directly or indirectly recruit other MONAT Market Partners or VIP Customers for any other direct selling business.

Following the cancellation of a Market Partner's Agreement, and for a period of six calendar months thereafter, with the exception of a Market Partner or VIP Customer who was personally sponsored by the former Market Partner, a former Market Partner may not Recruit any MONAT Market Partner or VIP Customer for another direct selling business.

Market Partners and the Company recognize that because network marketing is conducted through networks of independent contractors dispersed across Canada, and business is commonly conducted via the internet and telephone, an effort to narrowly limit the geographic scope of this non-solicitation provision would render it wholly ineffective. Therefore, Market Partners and MONAT agree that this non-solicitation provision shall apply across Canada. This provision shall survive the termination or expiration of the Agreement.

The term "Recruit" means the actual or attempted sponsorship, solicitation, enrollment, encouragement, or effort to influence in any other way, either directly, indirectly, or through a third party, another MONAT Market Partner or VIP Customer to enroll or participate in another multilevel marketing, network marketing or direct sales opportunity.

#### **3.10.2 – Sale of Competing Goods**

Market Partners must not sell, or attempt to sell, any competing non-MONAT products to other Market Partners or VIP Customers. Any product in the same generic categories as MONAT products is deemed to be competing (e.g., any hair or beauty product similar to MONAT is therefore a competing product, regardless of differences in cost, quality, ingredients, or other distinguishing factors).

#### **3.10.3 – Market Partner Participation in Other Direct Selling Programs**

If a Market Partner is engaged in other non-MONAT direct selling programs, it is the responsibility



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of the Market Partner to ensure that his or her MONAT business is operated entirely separate and apart from any other program in which the Market Partner participates. To this end, the following must be adhered to:

- a) The Market Partner shall not display MONAT promotional materials, sales aids, or products with or in the same location as any non-MONAT promotional materials, sales aids, products or services.
- b) The Market Partner may not offer the MONAT opportunity or products to prospective or existing VIP Customers or Market Partners in conjunction with any non-MONAT program, opportunity, product or service.
- c) The Market Partner may not offer any non-MONAT products, services, or opportunity at any MONAT-related meeting, seminar, convention, webinar, teleconference, or other function.
- d) Likewise the Market Partner may not offer the MONAT products, services, or opportunity at any non-MONAT related meeting, seminar, convention, webinar, teleconference or other function

### **3.10.4 – Market Partner Activity (Genealogy) Reports—Confidential Information**

“Confidential Information” includes, but is not limited to, Market Partner Activity Reports, the identities of MONAT VIP Customers and Market Partners, contact information of MONAT VIP Customer and Market Partners, Market Partners’ sales volume information. Confidential Information is, or may be available for Market Partner access and viewing at the Back Office of each Market Partner’s replicated MONAT website. Market Partner access to such Confidential Information is password protected. All Market Partner Activity Reports and the information contained therein are confidential and constitute proprietary information and business trade secrets belonging to MONAT. Market Partner Activity Reports are provided to Market Partners in strictest confidence and are made available to Market Partners for the sole purpose of assisting Market Partners in working with their respective Marketing Organizations in the development of their MONAT businesses. Market Partners may not use any Confidential Information for any purpose other than for developing their independent MONAT businesses. Where a Market Partner participates in other direct selling or multilevel marketing ventures, the Market Partner is not eligible to have access to certain Confidential Information, including, but not limited to, Downline Genealogy Reports. Market Partners should use the Confidential Information to assist, motivate, and train their downline Market Partners, and for no other purpose. In so doing, a Market Partner may not disclose the Confidential Information to any third party, including, without limitation, his or her downline Market Partners. The Market Partner and MONAT agree that, but for this agreement of confidentiality and nondisclosure, MONAT would not provide Confidential Information (including Market Partner Activity Reports) to the Market Partner.

To protect the Confidential Information, a Market Partner shall not, on his or her own behalf, or on behalf of any other person, partnership, association, corporation or other entity:

- a) Directly or indirectly use or disclose any Confidential Information to any third party;
- b) Directly or indirectly disclose, to any individual, partnership, association, corporation, or other entity, the password or other access code to his or her Back Office;
- c) Use any Confidential Information to compete with MONAT or for any purpose other than promoting or supporting his or her MONAT business; or
- d) Recruit or solicit any MONAT Market Partner or VIP Customer listed on any Market Partner Activity Report or any other report in the Market Partner’s Back Office, or in any manner attempt to influence or induce any such Market Partner or VIP Customer to alter his or her business relationship with MONAT.



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cancellation or termination of the Agreement, and shall remain effective and binding irrespective of whether a Market Partner's Agreement has been terminated, or whether the Market Partner is or is not otherwise affiliated with the Company.

Upon demand by the company, any current or former Market Partner will return the original and all copies of Market Partner Activity Reports to the Company.

### **3.11 – Targeting Other Direct Sellers**

MONAT does not condone Market Partners specifically or consciously targeting the sales force of another direct sales company to sell MONAT products or to become Market Partners for MONAT nor does MONAT condone Market Partners solicitation or enticement of members of the sales force of another direct sales company to violate the terms of their contract with such other company. These practices would clearly violate the Code of Ethics we agree to as members of The Direct Sellers Association of Canada Should Market Partners engage in such activity, they bear the risk of being sued by the other direct sales company. If any lawsuit, arbitration or mediation is brought against a Market Partner alleging that he or she engaged in inappropriate recruiting activity of its sales force or customers, MONAT will not pay any of the Market Partner's defense costs or legal fees, nor will MONAT indemnify the Market Partner for any judgment, award, or settlement.

### **3.12 – Cross-Sponsoring**

Actual or attempted cross-sponsoring is strictly prohibited. "Cross-sponsoring" is defined as the enrolment of an individual or entity that already has a current Market Partner Agreement on file with MONAT, or who has had such an agreement within the preceding six calendar months, within a different line of sponsorship. The use of a spouse's or relative's name, trade names, DBAS, assumed names, corporations, partnerships, trusts, federal ID numbers, fictitious ID numbers or any straw-man or other artifice to circumvent this policy is prohibited. Market Partners shall not demean, discredit or defame other MONAT Market Partners in an attempt to entice another Market Partner to become part the first Market Partner's Marketing Organization.

If Cross-Sponsoring is discovered, it must be brought to the Company's attention immediately. MONAT may take disciplinary action against the Market Partner that changed organizations and/or those Market Partners who encouraged or participated in the Cross-Sponsoring. MONAT may also move all or part of the offending Market Partner's Marketing Organization to his or her original marketing Organization if the Company deems it equitable and feasible to do so. However, MONAT is under no obligation to move the Cross-Sponsored Market Partner's Marketing Organization, and the ultimate disposition of the organization remains within the sole discretion of MONAT. **Market Partners waive all claims and causes of action against MONAT arising from or relating to the disposition of the Cross-Sponsored Market Partner's Marketing Organization.**

### **3.13 – Errors or Questions**

If a Market Partner has questions about or believes any errors have been made regarding commissions, bonuses, Market Partner Activity Reports, or charges, the Market Partner must notify MONAT in writing within 60 days of the date of the purported error or incident in question. MONAT will not be responsible for any errors, omissions or problems not reported to the Company within 60 days.

### **3.14 – Governmental Approval or Endorsement**

While MONAT may have a license to conduct business in a particular province as a direct seller, Market Partners shall not represent or imply that MONAT or its Compensation Plan have been "approved," "endorsed" or otherwise sanctioned by any government agency.



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### **3.15 – Holding Applications or Orders**

Market Partners must not manipulate enrollments of new applicants and purchases of products. All Market Partner Applications and Agreements must be sent to MONAT within 72 hours from the time they are signed by an Applicant. Likewise, all product orders must be submitted to MONAT within 72 hours from the time that they are placed by Customers.

### **3.16 – Identification**

All Market Partners are required to provide their Social Insurance Number or a Business Number to MONAT on the Market Partner Application and Agreement. Upon enrollment, the Company will provide a unique Market Partner Identification Number to the Market Partner by which he or she will be identified. This number will be used to place orders, and track commissions and bonuses.

### **3.17 – Income Taxes**

Market Partners shall be responsible for payment and or withholding of all relevant federal, provincial and/or municipal income taxes, self-employment taxes and any and all other taxes required in respect of their business, or their purchases, under federal and provincial, or other applicable taxing laws. Market Partners acknowledge that as independent contractors, they will not be treated as employees for purpose of, but not limited to, federal and provincial income taxes source withholding requirements, provincial employment standards rules, provincial workers' compensation deductions EI and CPP deductions and that MONAT is not responsible for any withholdings and shall not withhold or deduct from my bonuses and commission, if any taxes of any kind. Rather, all Market Partners shall be responsible for paying municipal, provincial and federal taxes due from all compensation earned as a MONAY Distributor, and for all other federal or provincial tax compliance obligations imposed on their business.

Some exceptions may exist, and MONAT reserves the right to issue any return slips (e.g. T4A slips) and withhold any amounts required by law.

MONAT cannot provide Market Partners with any personal tax advice. As independent contractors responsible for the legal compliance of their own business Market Partners should consult with their own tax accountant, tax attorney, or other tax professional.

### **3.18 – Independent Contractor Status**

The legal relationship between MONAT and the independent Market Partners is intended to be one of independent contractor, with the specifics of that legal relationship agreed to be as follows:

**Control** - Subject to the terms of the Agreement, and other applicable laws, Market Partners shall have complete control and discretion over the operation of their independent businesses including, without limiting the nature of the foregoing, how much or how little time they may devote to their businesses, and shall be entitled to establish their own business goals, business hours, and business methods, policies and procedures.

**Ownership of Tools** - Market Partners shall be responsible for the ownership and acquisition of any business tools, equipment, assets, and expenses, and all business goods, services and intangibles that the Market Partner, in his/her discretion, believes necessary for the operation of its independent business including, without limiting the generality of the foregoing, the location and appointment of his or her business office, business cards, letterhead, computer equipment, motor vehicle(s), and other tools and equipment (e.g., phone, office supplies etc.) which he/she alone deems necessary for operation of his/her business, all of which shall established and/or acquired by the Market Partner at his/her own expense. The Market Partner shall also maintain such insurance, such as liability, fire and theft insurance, during the term of this Agreement for the benefit of his/her business, in amounts as he/she deems appropriate, and at his/her own expense.



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Chance of Profit/Risk of Loss – MONAT and the Market Partner agree that all expenses incurred by the Market Partner in the operation of his/her business shall be incurred on his/her own account, and be his/her own responsibility. MONAT and the Market Partner also agree that the terms of the Market Partner's compensation under the Compensation Plan is entirely set out in the Compensation Plan, and accordingly, the chance of profit and the risk of loss inherent in the Compensation Plan, and inherent in the operation of the Market Partner's independent business, rests entirely with the Market Partner, with no "expense reimbursement" or "minimum compensation" being offered or guaranteed by MONAT whatsoever.

No Power to Bind – While a Market Partner shall be entitled to inform others that he/she is a Market Partner engaged by MONAT in an independent status, he/she shall at no time represent himself/herself to be an employee of MONAT, and shall clarify with others, where necessary, his/her status as an independent contractor of MONAT. The Market Partner has no authority (expressed or implied), to bind MONAT to any obligation, and shall not be construed as purchasers of a franchise or a business opportunity.

No Creation of Employment, Agency, Partnership, Franchise or Joint Venture Relationship – The legal relationship between MONAT and its Market Partners is not intended to create, and does not create, an employer/employee relationship, agency, partnership, franchise or joint venture relationship between MONAT and the Market Partners.

Treatment as Independent Contractor for Tax and Other Purposes – Accordingly, the Market Partner will not be treated as an employee of MONAT for Canadian provincial or federal tax purposes (including, but not limited to: federal income tax withholding or reporting requirements, federal unemployment insurance and CPP deductions, the GST/HST, and other like taxes, and provincial employment standards rules and workers' compensation legislation purposes).

### **3.19 – Insurance**

As noted above, a Market Partner may wish to arrange insurance coverage for his or her business. Homeowner's insurance policies typically do not cover business-related injuries or the theft of or damage to inventory or business equipment. Market Partners are advised to contact their insurance agents to make certain that their business property is protected.

### **3.20 – International Marketing**

Because of the critical legal and tax considerations, MONAT must limit the resale of MONAT products and the presentation of the MONAT business to prospective VIP Customers and Market Partners located within the United States, U.S. Territories and Canada and those other countries that the Company has announced are officially opened by business. Moreover, allowing a few Market Partners to conduct business in markets not yet opened by MONAT would violate the concept of affording every Market Partner the equal opportunity to expand internationally.

Accordingly, Market Partners are authorized to sell MONAT products, and enroll VIP Customers and Market Partners only in the countries in which MONAT is authorized to conduct business, as announced in official Company literature. MONAT products or sales aids cannot be shipped into or sold in any foreign country. Market Partners may sell, give, transfer, or distribute MONAT products or sales aids only in their home country. In addition, no Market Partner may, in any unauthorized country; (a) conduct sales, enrollment or training meetings; (b) enroll or attempt to enroll potential Market Partners; or (c) conduct any other activity for the purpose of selling MONAT products, establishing a Marketing Organization, or promoting the MONAT opportunity.

### **3.21 – Inventory Loading**

Market Partners must never purchase any products in amounts that are commercially



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unreasonable, and must not influence or attempt to influence any other Market Partner to buy more products than they can reasonably use or sell to Customers in a month. Market Partners are not required to carry inventory of products or sales aids.

MONAT strictly prohibits the purchase of products or services or sales aids primarily for the purpose of qualifying for commissions, bonuses or advancement in the Compensation Plan.

Market Partners who breach this prohibition will be in fundamental breach of this Agreement, and in that event, this Agreement may be terminated by MONAT without notice.

### **3.22 – Adherence to Laws and Ordinances**

Market Partners shall comply with all federal, provincial, and municipal laws and regulations in the conduct of their businesses. Many cities have laws regulating certain home-based businesses. In most cases these ordinances are not applicable to Market Partners because of the nature of their business. However, Market Partners must obey those laws that do apply to them. If a city official tells a Market Partner that an ordinance applies to him or her, the Market Partner shall be polite and cooperative, and immediately send a copy of the ordinance to the Compliance Department.

### **3.23 – Minors**

A person who is recognized as a minor in his/her province of residence may not be a MONAT Market Partner. Market Partners shall not enroll or recruit minors into the MONAT program.

### **3.24 – One MONAT Business Per Market Partner and Per Household**

A Market Partner may operate or have an ownership interest, legal or equitable, as a sole proprietorship, partner, shareholder, trustee, or beneficiary, in only one MONAT business. No individual may have, operate or receive compensation from more than one MONAT business. Individuals of the same Household may not enter into or have an interest in more than one MONAT Business. A "Household" is defined as all individuals who are living at or doing business at the same address, and who are related by blood, marriage, domestic partnership, or adoption, or who are living together as a family unit or in a family-like setting.

In order to maintain the integrity of the MONAT Compensation Plan, husbands and wives, domestic partnerships, or common-law couples (collectively referred to herein as "spouses") who wish to become MONAT Market Partners must be jointly sponsored as one MONAT business. Spouses, regardless of whether one or both are signatories to the Market Partner Application and Agreement, may not own or operate any other MONAT business, either individually or jointly, nor may they participate directly or indirectly (as a shareholder, partner, trustee, trust beneficiary, or have any other legal or equitable ownership) in the ownership or management of another MONAT business in any form.

An exception to the one business per Market Partner/Household rule will be considered on a case by case basis if two Market Partners get married or move in together, or in cases of a Market Partner receiving an interest in another business through inheritance. Requests for exceptions to policy must be submitted in writing to the Compliance Department.

### **3.25 – Actions of Household Members or Affiliated Individuals**

If any member of a Market Partner's immediate household engages in any activity which, if performed by the Market Partner, would violate any provision of the Agreement, such activity will be deemed a violation by the Market Partner and MONAT may take action pursuant to these Policies and Procedures against the Market Partner. Similarly, if any individual associated in any



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way with a Business Entity (collectively "affiliated individual") violates the Agreement, such action (s) will be deemed a violation by the entity, and MONAT may take disciplinary action against the Business Entity.

### **3.26 – Request for Records**

Any request from a Market Partner for copies of invoices, applications, Market Partner Activity Reports, or other records will require a fee of \$2.00 per page per copy. This fee covers the expense of mailing and time required to research files and make copies of the records.

### **3.27 – Roll-up of Marketing Organization**

When a vacancy occurs in a Marketing Organization due to the termination of a MONAT business, the Marketing Organization may be rolled up as provided in this Section 3.27.

#### **3.27.1 – Roll-up (General)**

When a vacancy occurs in a Marketing Organization due to the termination of a MONAT Market Partner's Agreement, each Market Partner in the first level immediately below the terminated Market Partner on the date of the cancellation will be moved to the first level ("front line") of the terminated Market Partner's sponsor. For example, if A sponsors B, and B sponsors C1, C2, and C3, if B terminates her business, C1, C2, and C3 will "roll-up" to A and become part of A's first level.

#### **3.27.2 – Roll-up (Market Mentor or Above)**

If a Market Partner that was paid-as a Market Mentor or higher in the last four periods immediately preceding the termination of his or her Market Partner Agreement (whether voluntarily or involuntarily), the former Market Partner's Marketing Organization will only be rolled-up (as described above) under the following conditions:

1. If the former Market Partner's Sponsor has been paid-as a Market Mentor or higher at least once in the last four periods, then the Marketing Organization will immediately be rolled-up.
2. If the Sponsor has not been paid-as a Market Mentor or higher at least once in the four periods preceding the date of the cancellation, then the Sponsor will be given the following six periods to be paid-as a Market Mentor or higher at least twice in the six periods. If the Sponsor promotes to Market Mentor in the last month of the six month period, then the Sponsor will be given the following period to qualify as a Market Mentor or higher again (to meet the 2 periods of being paid-as Market Mentor or higher).
  - a. If the Sponsor qualifies under these conditions, then the Marketing Organization of the canceled Market Partner will be rolled-up upon the completion of the qualifications.
  - b. If the Sponsor does not qualify under these conditions, then the position of the canceled Market Partner will remain permanently vacant.

### **3.28 – Sale, Transfer or Assignment of a MONAT Business**

Although a MONAT business is a privately owned and independently operated business, the sale, transfer or assignment of a MONAT business, and the sale, transfer, or assignment of an interest in a Business Entity that owns or operates a MONAT business, is subject to certain limitations. If a Market Partner wishes to sell his or her MONAT business, or interest in a Business Entity that owns or operates a MONAT business, the following criteria must be met:

- a) The selling Market Partner must offer MONAT the right of first refusal to purchase the business on the same terms as agreed upon with a third-party buyer. MONAT shall have fifteen days from the date of receipt of the written offer from the seller to exercise its right of



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first refusal.

- b) The buyer or transferee must become a qualified MONAT Market Partner. If the buyer is an active MONAT Market Partner, he or she must first terminate his or her MONAT business and wait six calendar months before acquiring any interest in a different MONAT business.
- c) Before the sale, transfer or assignment can be finalized and approved by MONAT, any debt obligations the selling party has with MONAT must be satisfied.
- d) The selling party must be in good standing and not in violation of any of the terms of the Agreement in order to be eligible to sell, transfer or assign a MONAT business.

Prior to selling an independent MONAT business or Business Entity interest, the selling Market Partner must notify MONAT's Compliance Department in writing and advise of his or her intent to sell his or her MONAT business or Business Entity interest. The selling Market Partner must also receive written approval from the Compliance Department before proceeding with the sale. No changes in line of sponsorship can result from the sale or transfer of a MONAT business.

### **3.29 – Separation of a MONAT Business**

MONAT Market Partners may sometimes operate their MONAT businesses as husband-wife partnerships, regular partnerships, corporations, LLCs, trusts, or other Business Entities. At such time as a marriage may end in divorce or a corporation, LLC, partnership, trust, or other Business Entity may dissolve, arrangements must be made to assure that any separation or division of the business is accomplished so as not to adversely affect the interests and income of other businesses up or down the line of sponsorship.

During the divorce or entity dissolution process, the parties must adopt one of the following methods of operation:

- a) One of the parties may, with consent of the other(s), operate the MONAT business pursuant to an assignment in writing whereby the relinquishing spouse, shareholders, partners or trustees authorize MONAT to deal directly and solely with the other spouse or non-relinquishing shareholder, partner or trustee.
- b) The parties may continue to operate the MONAT business jointly on a "business-as-usual" basis, in which case all compensation paid by MONAT will be paid according to the status quo as it existed prior to the divorce filing or dissolution proceedings. This is the default procedure if the parties do not agree on the format set forth above.

Under no circumstances will the Marketing Organization of divorcing spouses or a dissolving business entity be divided. Similarly, under no circumstances will MONAT split commission and bonus payments between divorcing spouses or members of dissolving entities. MONAT will recognize only one Marketing Organization and will issue only one commission payment per MONAT business per commission cycle. Commission payments shall always be issued to the same individual or entity. In the event that parties to a divorce or dissolution proceeding are unable to resolve a dispute over the disposition of commissions and ownership of the business in a timely fashion as determined by the Company, the Market Partner Agreement shall be involuntarily cancelled.

If a former spouse has completely relinquished all rights in the original MONAT business pursuant to a divorce, he or she is thereafter free to enroll under any sponsor of his or her choosing without waiting six calendar months. In the case of business entity dissolutions, the former partner, shareholder, member, or other entity affiliate who retains no interest in the business must wait six calendar months from the date of the final dissolution before re-enrolling as a Market Partner. In either case, however, the former spouse or business affiliate shall have no rights to any Market



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Partners in their former organization or to any former Retail or VIP Customer. They must develop the new business in the same manner as would any other new Market Partner.

### **3.30 – Sponsoring**

All active Market Partners in good standing have the right to sponsor and enroll others into MONAT. Each prospective Market Partner has the ultimate right to choose his or her own Sponsor. If two Market Partners claim to be the Sponsor of the same new Market Partner, the Company shall regard the first application received by the Company as controlling.

When sponsoring a new Market Partner through the online enrollment process, the Sponsor may assist the new applicant in filling out the enrollment materials. However, the applicant must personally review and agree to the online application and agreement, MONAT's Policies and Procedures, and the MONAT Compensation Plan. The Sponsor may not fill out the online application and agreement on behalf of the applicant and agree to these materials on behalf of the applicant.

### **3.31 – Succession**

Upon the death or incapacitation of a Market Partner, his or her business may be passed to his or her heirs. Appropriate legal documentation must be submitted to the Company to ensure the transfer is proper. Accordingly, a Market Partner should consult an attorney to assist him or her in the preparation of a will or other testamentary instrument. Whenever a MONAT business is transferred by a will or other testamentary process, the beneficiary acquires the right to collect all bonuses and commissions of the deceased Market Partner's Marketing Organization provided the following qualifications are met. The successor(s) must:

- a) Complete and execute a Market Partner Agreement;
- b) Comply with terms and provisions of the Agreement; and
- c) Meet all of the qualifications for the deceased Market Partner's status.

The bonuses and commissions of a MONAT business transferred pursuant to this section will be paid jointly to the devisees. The devisees must provide MONAT with an "address of record." If the business is bequeathed to joint devisees, they must form a Business Entity and acquire a business number. MONAT will issue all bonus and commission payments and any applicable tax statements to the business entity.

### **3.32 – Transfer Upon Death of a Market Partner**

To effectuate a testamentary transfer of a MONAT business, the Personal Representative or Executor of the estate of the deceased Market Partner must provide all necessary documentation to establish a successor's or successors' right to the subject MONAT business. The successor or successors must complete and execute a Market Partner Agreement and meet the other requirements set forth in Section 3.31.

### **3.33 – Transfer Upon Incapacitation of a Market Partner**

To effectuate a transfer of a MONAT business because of incapacity, the Trustee of the incapacitated Market Partner must provide all necessary documentation to establish the right of the subject Trust and Trustee to the subject MONAT business. The Trustee must, on behalf of the Trust, complete and execute a Market Partner Agreement and meet the other requirements set forth in Section 3.31.

### **3.34 – Telemarketing Techniques**

Canadian law restricts telemarketing practices and includes strict "Do Not Call" List provisions.



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Although MONAT does not consider Market Partners to be "telemarketers" in the traditional sense of the word, government regulations broadly define the term "telemarketer" and "telemarketing" so that your inadvertent action of calling someone whose telephone number is listed on the federal "do not call" registry could cause you to violate the law. Moreover, these regulations must not be taken lightly, as they carry significant penalties (up to \$15,000.00 per violation for corporations and \$1,500 per violation for individuals).

Therefore, Market Partners must not engage in telemarketing in the operation of their MONAT businesses. The term "telemarketing" means the making of unsolicited telephone calls or faxes to an individual or entity to induce the purchase of a MONAT product, or to recruit them for the MONAT opportunity. "Cold calls" made to prospective Customers or Market Partners that promote either MONAT's products or the MONAT opportunity constitute telemarketing and are prohibited. However, a telephone call(s) placed to a prospective Customer or Market Partner (a "prospect") with whom the Market Partner has an "existing business relationship" is permissible provided that the Market Partner complies with all applicable rules and laws relating to same, including (1) Canadian federal and provincial privacy laws; (2) registration with the National Do Not Call List program under the Telecommunications Act rules, and (4) disclosing the following information at the beginning of any call or fax: the purpose of the call or fax, a toll-free telephone number for questions or comments about the call or fax, the nature of the product or business interest being promoted, the identity of the person or organization on whose behalf the call is made, if any, the price of any product being promoted and any material restrictions, terms or conditions applicable to its delivery. :

For purposes of this section, an Existing Business Relationship shall arise from voluntary two-way communication between the Market Partner and the person whom they are calling and only in the following instances: (1) a product or service has been purchased by the person from the Distributor within the previous 18 months, (2) an inquiry or application has been made by the person of the Distributor within the previous 6 months, or (3) there is a written contract currently in effect between the person and the Distributor or that has expired within the previous 18 months.

Distributors who breach this section may have their Agreement with the Company terminated, without notice.

In addition, Market Partners shall not use automatic telephone dialing systems or software relative to the operation of their MONAT businesses. Market Partners shall not place or initiate any outbound telephone call to any person that delivers any pre-recorded message (a "robocall") regarding or relating to the MONAT products or opportunity.

### **3.35 – Back Office Access**

MONAT makes online Back Offices available to its Market Partners. Back Offices provide Market Partners access to confidential and proprietary information that may be used solely and exclusively to promote the development of a Market Partner's MONAT business and to increase sales of MONAT products. Access to the Back Office is password protected. Market Partners may not under any circumstance provide their Back Office login credentials to any other person or entity.

Access to the Back Office is a privilege and not a right. MONAT reserves the right to deny Market Partners' access to the Back Office at its sole discretion.



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### **SECTION 4 – Responsibilities of Market Partners**

#### **4.1 – Change of Address or Telephone**

To ensure timely delivery of products and support materials, it is important that MONAT's files are current. Street addresses are required for shipping. Market Partners planning to move should update their mailing address, email address and telephone number information via either Customer/ Market Partner Care or through the Back Office of the Market Partners' replicated MONAT Website. To guarantee proper delivery, two weeks advance notice must be provided to MONAT on all changes.

#### **4.2 – Ongoing Developmental Obligations**

##### **4.2.1 – Ongoing Training**

Any Market Partner who sponsors another Market Partner into MONAT must perform a bona fide assistance and training function to ensure that his or her downline Market Partners are properly operating their respective MONAT businesses. Market Partners must have ongoing contact and communication with the Market Partners in their Marketing Organizations. Examples of such contact and communications may include but not be limited to: newsletters, written correspondence, personal meetings, telephone contact, voice mail, electronic mail, and the accompaniment of downline Market Partners to MONAT meetings, training sessions, and other functions. Upline Market Partners are also responsible to motivate and train new Market Partners in MONAT product knowledge, effective sales techniques, the MONAT Compensation Plan and compliance with Company Policies and Procedures. Communication and the training of downline Market Partners must not, however, violate Section 3.2.

Market Partners must monitor the Market Partners in their marketing Organizations to ensure that downline Market Partners do not make improper product or business/earnings claims, or engage in any illegal or inappropriate conduct.

##### **4.2.2 – Increased Training Responsibilities**

As Market Partners progress through the various stages of leadership, they will become more experienced in Sales Techniques, Product Knowledge and an understanding of the MONAT Business Program. They will be called upon by MONAT from time to time to share this knowledge with lesser experienced Market Partners within their organization.

##### **4.2.3 – Ongoing Sales Responsibilities**

Regardless of their level of achievement, Market Partners have an ongoing obligation to continue to personally promote sales through the generation of new Retail and VIP Customers and through servicing their existing Customers.

#### **4.3 – Nondisparagement**

MONAT wants to provide Market Partners with the best products, compensation plan and service in the industry. Accordingly, we value constructive criticisms and comments. All such comments should be submitted in writing to the Customer Service Department. While MONAT welcomes constructive input, negative comments and remarks made in the field by Market Partners about the Company, its products or compensation plan serve no purpose other than to demotivate other MONAT Market Partners. For this reason, and to set the proper example for their Marketing Organization, Market Partners must not disparage, demean, or make negative remarks about MONAT, other MONAT Market Partners, MONAT Products, the Compensation Plan, or MONAT's directors, officers or employees.



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### **4.4 – Providing Documentation to Applicants**

Market Partners must provide the most current version of the Policies and Procedures and the Compensation Plan to individuals whom they are sponsoring to become Market Partners before the applicant signs a Market Partner Agreement (or ensure that such individuals have access to these materials). In addition, copies of Policies and Procedures and Compensation Plan can be downloaded from MONAT's website.

### **4.5 – Reporting Policy Violations**

Market Partners observing a Policy violation by another Market Partner should submit a written report of the violation to the attention of the Compliance Department. Details of the incidents such as dates, numbers of occurrences, persons involved, and any supporting documentation should be included in the report.

## **SECTION 5 – Sales Requirements**

### **5.1 – Product Sales**

The MONAT Compensation Plan is based on the sale of MONAT products to end consumers. Market Partners must fulfill personal and Marketing Organization retail sales requirements (as well as meet other requirements as set forth in the Agreement) in order to be eligible for bonuses, commissions and advancement to higher levels of achievement.

The following sales requirements must be satisfied for Market Partners to be eligible for commissions:

- a) Market Partners must satisfy the Personal Volume requirements to fulfill the requirements associated with their rank as set out in the MONAT Compensation Plan
- b) Market Partners must satisfy the Group Volume requirements to fulfill the requirements associated with their rank as set out in the MONAT Compensation Plan

### **5.2 – No Territory Restrictions**

There are no exclusive territories granted to anyone. No franchise fees are required.

### **5.3 – VIP Customer Autoship Program**

As an added convenience to its VIP Customers, MONAT offers a VIP Customer Autoship Program. A VIP Customer would be able to register for the VIP Customer Autoship Program at the MONAT Website of his or her Market Partner. Market Partners may also register to participate in the Autoship Program to purchase product for their own personal use (and not for resale) via their Replicated Websites. VIP Customers and participating Market Partners will agree to an automatic monthly shipment of MONAT Products directly to their homes. By registering for this program, VIP Customers and Market Partners agree to a minimum of three such shipments. In exchange for this commitment, they would be entitled to a 15% or 30 % discount on the products that they purchase dependent on their status through the Autoship Program.

If the Market Partner or VIP Customer cancels their participation in the Autoship Program prior to receiving three such shipments, the discounts previously given to the VIP Customer or Market Partner may be recaptured through an automatic and pre-authorized charge to the Market Partner's or VIP's credit card.

### **5.4 – Sales Receipts**

As all purchases will be made online: Records documenting online purchases made by



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Customers will be maintained by MONAT.

Invoice copies will be e-mailed to Customers at the time the contract is entered into.

### **SECTION 6 – Bonuses and Commissions**

#### **6.1 – Bonus and Commission Qualifications**

A Market Partner must be active and in compliance with the Agreement to qualify for bonuses and commissions. So long as a Market Partner complies with the Terms of the Agreement, MONAT shall pay commissions to such Market Partner in accordance with the Compensation Plan. The minimum amount for which MONAT will issue payment is \$25.00. If a Market Partner's commissions and bonuses do not equal or exceed \$25.00, the Company will accrue the bonuses and commissions until they total \$25.00. Payment will be issued once \$25.00 has been accrued.

Notwithstanding the foregoing, all commissions, bonuses or other compensation owed a Market Partner, regardless of the amount accrued, will be paid at the end of each fiscal year or upon the termination of a Market Partner's Market Partner Agreement.

#### **6.2 – Adjustment to Bonuses and Commissions**

##### **6.2.1 – Adjustments for Returned Product**

Market Partners receive bonuses and commissions based on arranging for the actual sales of products to end consumers. When a product is returned to MONAT for a refund or is repurchased by the Company, the bonuses and commissions attributed to this returned or repurchased product will be deducted, in the month in which the refund is given, and continuing every pay period thereafter until the bonuses and commissions are recovered, from the Market Partners who received bonuses and commissions on the sales of the refunded products. In the event that any such Market Partner terminates their Market Partner Agreement, and the amounts of the bonuses and commissions attributable to the returned products have not yet been fully recovered by the Company, the remainder of the outstanding balance may be set off against any amounts owed to the terminated Market Partner.

##### **6.2.2 – Payment Card Fees**

MONAT currently pays bonuses and commissions through Direct Deposit.

#### **6.3 – Reports**

All information provided by MONAT in any Market Partner Activity Reports, including but not limited to Personal Volume and Group Volume (or any part thereof) and downline sponsoring activity is believed to be accurate and reliable. Nevertheless, due to various factors including but not limited to, the inherent possibility of human, digital, electronic, or mechanical error, the accuracy, completeness and timeliness of orders; the denial of credit card and electronic check payments; returned products; credit card and electronic check chargebacks; the information is not guaranteed by MONAT or any persons creating or transmitting the information.

ALL PERSONAL AND GROUP VOLUME INFORMATION IS PROVIDED "AS IS" WITHOUT WARRANTIES, EXPRESS OR IMPLIED OR REPRESENTATIONS OF ANY KIND. IN PARTICULAR BUT WITHOUT LIMITATION THERE SHALL BE NO WARRANTIES OF MERCHANTABILITY, FITNESS FOR A PARTICULAR USE, OR NON-INFRINGEMENT.

TO THE FULLEST EXTENT PERMISSIBLE UNDER APPLICABLE LAW, MONAT AND OR OTHER PERSONS CREATING OR TRANSMITTING THE INFORMATION WILL IN NO



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EVENT BE LIABLE TO ANY MARKET PARTNER OR ANYONE ELSE FOR ANY DIRECT, INDIRECT, CONSEQUENTIAL, INCIDENTAL, SPECIAL OR PUNITIVE DAMAGES THAT ARISE OUT OF THE USE OF OR ACCESS TO PERSONAL AND GROUP VOLUME INFORMATION (INCLUDING BUT NOT LIMITED TO LOST PROFITS, BONUSES OR COMMISSIONS, LOSS OF OPPORTUNITY AND DAMAGES THAT MAY RESULT FROM INACCURACY, INCOMPLETENESS INCONVENIENCE, DELAY OR LOSS OF THE USE OF THE INFORMATION) EVEN IF MONAT OR OTHER PERSONS CREATING OR TRANSMITTING THE INFORMATION SHALL HAVE BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES, TO THE FULLEST EXTENT PERMITTED BY LAW, MONAT OR OTHER PERSONS CREATING OR TRANSMITTING THE INFORMATION SHALL HAVE NO RESPONSIBILITY OR LIABILITY TO YOU OR ANYONE ELSE UNDER ANY TORT, CONTRACT, NEGLIGENCE, STRICT LIABILITY PRODUCTS LIABILITY OR OTHER THEORY WITH RESPECT TO ANY SUBJECT MATTER OF THIS AGREEMENT OR TERMS AND CONDITIONS RELATED THERETO.

Access to and use of MONAT's online reporting services and your reliance upon such information is at your own risk. All such information is provided to you "as is". If you are dissatisfied with the accuracy or quality of the information, your sole and exclusive remedy is to discontinue the use of and access to MONAT's online and telephone reporting services and your reliance upon this information.

### **SECTION 7 – Product Guarantees, Returns and Inventory Repurchase**

#### **7.1 – Product Guarantee**

MONAT offers a 100% 30 Day money back satisfaction guarantee (less shipping charges) to all Retail Customers, VIP Customers and Market Partners.

#### **7.2 – Returns by Retail Customer**

MONAT offers, through its Market Partners, a 100% 30 day money back guarantee to all Customers. Every Market Partner is bound to honor the Customer guarantee. If, for any reason, a Customer is dissatisfied with MONAT product, the Customer may return the unused portion of the product to the Market Partner through whom it was purchased, or to the company directly within 30 days, for a replacement, exchange or a full refund of the purchase price (less shipping costs).

If a Customer returns a product to the Market Partner through whom it was purchased, the Market Partner may return it to the Company for an exchange or refund (less shipping).

##### **7.2.1 – Customer Right to Cancel**

A Customer who makes a purchase has 10 (ten) days after the sale or execution of a contract to cancel their order and receive a full refund consistent with the cancellation notice on the order form or sales receipt. When a Market Partner makes a sale or takes an order from a Customer who cancels or requests a refund within the applicable period, the Market Partner must promptly refund the Customer's money as long as the products are returned to the Market Partner in substantially as good condition as when received. Market Partners must orally inform Customers of their right to cancel a purchase or an order within the applicable time period, and ensure that the date of the order or purchase is entered on the order form or sales receipt. All Customers must be provided with a copy of an official MONAT sales receipt at the time of the sale. The back of the receipt provides the Customers with written notice of his or her rights to cancel the sales transaction.

#### **7.3 – Return of Inventory and Sales Aids by Market Partners Upon Cancellation**

Upon cancellation of a Market Partner's Agreement, the Market Partner may return their Starter Kit



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and any products and sales aids they may have in their inventory for a refund. In order to receive a refund from MONAT pursuant to this policy, the following requirements must be met:

- a) The items being returned must have been personally purchased by the Market Partner from MONAT (Purchases from other Market Partners or third parties are not subject to refund);
- b) The items must be in Resalable condition (see Definition of "Resalable" below); and
- c) The items must have been purchased from MONAT within one year prior to the date of cancellation

Upon receipt of a Resalable Starter Kit and/or Resalable products and sales aids, the Market Partner will be reimbursed 90% of the net cost of the original purchase price. Shipping charges incurred by a Market Partner when the items were purchased, and return shipping fees, will not be refunded. If the purchases were made through a credit card, the refund will be credited back to the same account. If a Market Partner was paid a bonus or commission based on a product that he or she purchased, and such product is subsequently returned for a refund, the bonus and/or commission that was paid to the Market Partner based on that product purchase will be deducted from the amount of the refund.

Products and sales aids shall be deemed "Resalable" if each of the following elements is satisfied: 1) they are unopened and unused; 2) packaging and labeling has not been altered or damaged; 3) they are in a condition such that it is a commercially reasonable practice within the trade to sell the merchandise at full price; and 4) they are returned to MONAT within one year from the date of purchase. Any merchandise that is clearly identified at the time of sale as nonreturnable, discontinued, or as a seasonal item, shall not be Resalable.

### **7.4 – Procedures for All Returns**

The following procedures apply to all returns for refund, repurchase or exchange:

#### **7.4.1 – VIP Customer and Retail Customer Returns**

VIP Customers and Retail Customers may return product for refund or exchange pursuant to Section 7.2 above. VIP Customers return products directly to the Company. Customers return products directly to the Company or to the Market Partner through whom the product(s) were purchased. If a VIP Customer or a Retail Customer returns the product(s) directly to the Company, the Market Partner should assist the VIP Customer or Retail Customer to insure that the following procedures are followed:

- a) The VIP or Retail Customer must first obtain a Return Authorization Number by calling Customer/Market Partner Services. This Return Authorization Number must be written on each carton returned.
- b) If an exchange is requested, a completed order form with the exchange products must be included with the return
- c) Proper shipping cartons and packing materials are to be used in packaging the products being returned for replacement, and the best and most economical means of shipping is suggested. All returns must be shipped to MONAT shipping pre-paid. MONAT does not accept shipping-collect packages. The risk of loss in shipping for returned product shall be on the VIP or Retail Customer who returned the product. If returned product is not received by the Company's Distribution Center, it is the responsibility of the VIP or Retail Customer to trace the shipment.

#### **7.4.2 – Market Partner Returns**

The following procedures apply to all returns by a Market Partner, whether the return is of products



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returned by a Customer pursuant to Section 7.2, a return of products by a Market Partner pursuant to Section 7.1, or a return of products and/or sales aids upon the cancellation of the Market Partner's MONAT business pursuant to Section 7.3.

- a) All merchandise must be returned by the Market Partner who purchased it directly from MONAT, or who arranged the sale of merchandise to the Customer from MONAT.
- b) The return must be accompanied by the original invoice and a completed and signed Product Return Form.
- c) Proper shipping cartons and packing materials are to be used in packaging the products being returned for replacement, and the best and most economical means of shipping is suggested. All returns must be shipped to MONAT shipping pre-paid. MONAT does not accept shipping-collect packages. The risk of loss in shipping for returned product shall be on the Market Partner. If returned product is not received by the Company's Distribution Centre, it is the responsibility of the Market Partner to trace the shipment.
- d) If a Market Partner is returning merchandise to MONAT that was returned to him or her by a personal Customer, the product must be received by MONAT within ten (10) days from the date on which the Customer returned the merchandise to the Market Partner.

No refund or credit will be issued, or exchanged of the product will be made if the conditions of these rules are not met.

## **SECTION 8 – Dispute Resolution and Contractual Remedies**

### **8.1 – Contractual Remedies**

Violation of the Agreement, these Policies and Procedures, violation of any common law, including but not limited to any applicable duty of loyalty, any illegal, fraudulent, deceptive or unethical business conduct, or any act or omission by a Market Partner that, in the sole discretion of the Company may damage its reputation or goodwill (such act or omission need not be related to the Market Partner's MONAT business), may result, at MONAT's discretion, in one or more of the following corrective measures:

- a) Issuance of a written warning;
- b) Requiring the Market Partner to take immediate corrective measures;
- c) MONAT may withhold from a Market Partner all or part of the Market Partner's bonuses and commissions during the period that MONAT is investigating any conduct allegedly violating the Agreement (If a Market Partner's business is cancelled for disciplinary reasons the Market Partner will not be entitled to recover any commissions or bonuses withheld during this period);
- d) Suspension of the individual's Market Partner Agreement for one or more pay periods;
- e) Involuntary termination of the offender's Market Partner Agreement; or
- g) Any other measure expressly allowed within any provision of the Agreement or which MONAT deems practicable to implement and appropriate to equitably resolve injuries caused partially or exclusively by the Market Partners policy violation or contractual breach.

In situations deemed appropriate by MONAT, the Company may institute legal proceedings for monetary and/or equitable relief.

### **8.2 – Complaints**

When a Market Partner has a complaint with another Market Partner regarding any practice or conduct in relationship to their respective MONAT businesses, the complaining Market Partner



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should first report the problem to his or her Sponsor who should review the matter and try to resolve it with the other party's upline Sponsor. If the matter involves interpretation or violation of any Company policy, it must be reported in writing to the Market Partner Support Department. The Market Partner Support Dept. will review the facts and attempt to resolve it.

### **8.3 - Class Action Waiver**

No party shall assert any claim as a class, collective, or representative action if the amount of the party's individual claim exceeds \$1,000. This paragraph shall be enforceable where the applicable law permits reasonable class action waivers, and shall have no effect otherwise. In any case this class action waiver provision, as well as any other provision, is severable in the event it is found to be unenforceable or inapplicable in a particular case.

The parties agree that class action claims are not arbitrable under any circumstances; but in the event a court of competent jurisdiction declines to certify a class, all individual plaintiffs shall resolve any and all remaining claims of law by way of individual arbitration.

### **8.4 - Mediation**

Prior to instituting any arbitration as provided in section 8.5 below, the parties shall meet in good faith and attempt to resolve any dispute arising from or relating to the Agreement through non-binding mediation. One individual who is mutually acceptable to the parties shall be appointed as mediator. The mediation shall occur within 60 days from the date on which the mediator is appointed. The mediator's fees and costs, as well as the costs of holding and conducting the mediation, shall be divided equally between the parties. Each party shall pay its portion of the anticipated fees and costs at least 10 days in advance of the mediation. Each party shall pay its own attorney fees, costs and individual expenses associated with conducting and attending the mediation. Mediation shall be held in Toronto, Ontario, or at such other city in Canada as MONAT may determine is practicable considering the location of the Market Partner and shall last no more than two business days.

If mediation is unsuccessful the parties both agree that any dispute will be settled by binding arbitration instead of a lawsuit.

### **8.5 - Arbitration**

If mediation is unsuccessful, any controversy or claim arising out of or relating to the Agreement, or the breach thereof, shall be settled by binding arbitration administered by the Canadian Arbitration Association ("CAA") under its Arbitration Rules (available to view at [www.canadianarbitrationassociation.ca](http://www.canadianarbitrationassociation.ca)), and judgment on the award rendered by the arbitrator may be entered in any court having jurisdiction. The parties waive all rights to trial by jury or by any court. Notwithstanding the rules of CAA, the following shall apply to all arbitration proceedings:

- a) The Ontario Rules of Evidence shall apply in all cases;
- b) The parties shall be entitled to all discovery rights permitted by the Ontario Rules of Civil Procedure;
- c) The parties shall be entitled to bring motions under Rule 19 and/or Rule 20 of the Ontario Rules of Civil Procedure;
- d) The arbitration shall occur within 180 days from the date on which the arbitrator is appointed, and shall last no more than five business days; and
- e) The parties shall be allotted equal time to present their respective cases, including cross-examinations.

All arbitration proceedings shall be held in the City of Toronto, Ontario, or such other city as MONAT and the Market Partner may mutually agree to. The language of the arbitration shall be



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English. There shall be one arbitrator, an attorney at law, who shall have expertise in business law transactions with a strong preference being an attorney knowledgeable in the Direct Selling Industry, selected from the list which the CAA provides in accordance with the CAA Arbitration Rules. There will be no appeal from the decision of the arbitrator, on questions of fact, law, or mixed fact and law. Each party to the arbitration shall be responsible for its own costs and expenses of arbitration including legal and filing fees. The decision of the arbitrator shall be final and binding on the parties and may, if necessary be reduced to a judgment in any court of competent jurisdiction. This agreement to arbitrate shall survive any termination or expiration of The Agreement.

Arbitration will only be conducted on an individual basis, and if it is determined, despite the clear and unambiguous intent of the parties as stated in the Agreement, to permit arbitration other than on an individual basis, the arbitration will immediately be terminated and neither party will be under any obligation to continue arbitration. In the case of such termination, or if this arbitration clause is deemed inapplicable or invalid, or is otherwise deemed to allow for litigation of dispute in court, both parties waive, to the fullest extent allowed by law, any right to pursued claim, or participate as a plaintiff or a class member in any claim on a class, collective, or consolidated basis, or in a representative capacity.

The parties and the arbitrator shall maintain the confidentiality of the entire arbitration process and shall not disclose to any person not directly involved in the arbitration process:

- a) The substance of, or basis for, the controversy, dispute, or claim;
- b) The content of any testimony or other evidence presented at an arbitration hearing or obtained through discovery in arbitration;
- c) The terms or amount of any arbitration award; or
- d) The rulings of the arbitrator on the procedural and/or substantive issues involved in the case.

### **Limited Legal Proceedings**

Notwithstanding the foregoing, nothing in these Policies and Procedures shall prevent either party from applying to and obtaining from any court having jurisdiction a writ of attachment, a temporary injunction, preliminary injunction, permanent injunction or other relief available to safeguard and protect its intellectual property rights and/or to enforce its rights under the nonsolicitation provision of the Agreement.

Either party may, if necessary, commence legal proceedings in a court of competent jurisdiction in order to enforce a final decision of an arbiter.

In any legal proceeding relating to the Agreement, both parties agree to waive all right to any trial by jury.

### **8.6 – Governing Law, Jurisdiction and Venue**

Jurisdiction and venue of any matter not subject to arbitration shall reside exclusively in Toronto, Ontario. The Ontario Arbitration Act shall govern all matters relating to arbitration. The law of the Province of Ontario shall govern all other matters relating to or arising from the Agreement.



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### SECTION 9 – Payment and Shipping

#### 9.1 – Restrictions on Third Party Use of Credit Cards and Checking Account Access

A Market Partner shall not permit other Market Partner or Retail Customers or VIP Customers to use his or her credit cards, or permit debits to his or her checking accounts, to enroll or to make purchases from the Company.

#### 9.2 –Sales Taxes

Market Partners shall also not be treated as an employee for purposes of the GST/HST, QST, PST and other like sales taxes (including any future harmonized sales taxes). If MONAT is required to charge any such taxes in respect of its supplies of goods or services to Market Partners or to MONAT's direct retail customers, MONAT will collect and remit these taxes in respect of its sales as appropriate. However, MONAT is not responsible for collecting or remitting any sales taxes on Market Partners' behalf. Rather, all Market Partners shall be responsible for collecting and remitting all applicable local, provincial, and federal sales taxes, and for all other federal or provincial tax compliance obligations imposed on their business, although, as set out below, MONAT may at its discretion enter into sales tax collection agreements with the federal and provincial taxing authorities.

In creating the MONAT opportunity, one of our guiding philosophies has been to free our Market Partner from as many administrative, operational, and logistical tasks as possible. In doing so, Market Partner are free to concentrate on those activities that directly affect their incomes, namely product sales and enrollment activities. To these ends, MONAT relieves Market Partner of the burdens of collecting and remitting sales taxes, filing sales tax reports, and keeping records relative to sales tax.

Accordingly, MONAT reserves the right to enter into sales tax collection agreements with the federal and provincial taxing authorities which could relieve Market Partners of the burdens of collecting and remitting sales taxes (including GST/HST, QST and applicable PST). Where applicable, MONAT will notify Market Partners of the implementation of such agreements, and will charge and collect sales taxes accordingly.

Where COMPANY chooses to enter into a sales tax collection agreement Market Partners agree that MONAT may jointly elect on the Market Partners' behalf to have the applicable procedures, including section 178 of the Excise Tax Act, apply where approval has been granted by the applicable tax authority.

Where MONAT has been approved to operate under any such agreements, Market Partners shall follow the appropriate procedures.

By virtue of its business operations, MONAT is required to charge sales taxes on all purchases made by Market Partners, VIP Customers and Retail Customers, and remit the taxes charged to the respective states. Accordingly, all orders submitted to the Company must include the appropriate sales taxes.



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### SECTION 10 – Inactivity and Cancellation

#### 10.1 – Effect of Cancellation

As long as a Market Partner remains active and complies with the terms of the Agreement, MONAT shall pay commissions and bonuses to such Market Partner in accordance with the Compensation Plan. A Market Partner's bonuses and commissions constitute the entire consideration for the Market Partner's efforts in generating sales and all activities related to the generating of sales (including building a Marketing Organization) shall be considered incidental thereto.

Following a Market Partner's non-renewal of his or her Market Partner Agreement, or voluntary or involuntary cancellation of his or her Market Partner Agreement (all of these methods are collectively referred to as "cancellation"), the former Market Partner shall have no right, title, claim or interest to the Marketing Organization which he or she operated, or any commission or bonus from the sales generated by the organization. A Market Partner whose business is cancelled will lose all rights as a Market Partner. This includes the right to sell MONAT products and the right to receive future commissions, bonuses or other income resulting from the sales and other activities of the Market Partner's former Marketing Organization. In the event of cancellation, Market Partners agree to waive all rights they may have, including but not limited to: property rights to their former Marketing Organization and to any bonuses, commissions or other remuneration derived from the sales and other activities of his or her former Marketing Organization.

Following a Market Partner's cancellation of his or her Market Partner Agreement, the former Market Partner shall not hold himself or herself out as a MONAT Market Partner and shall not have the right to sell MONAT products. A Market Partner whose Market Partner Agreement is canceled shall receive commissions and bonuses only for the last full pay period he or she was active prior to cancellation (less any amounts withheld during an investigation preceding an involuntary cancellation).

#### 10.2 – Cancellation Due to Non Renewal

Market Partners who personally produce less than \$200.00 of Personal Volume for any pay period will not receive a commission for the sales generated through their Marketing Organization for that pay period. If a Market Partner fails to renew their Agreement each year by paying the annual fee, then their account will be cancelled and any downline and customers they have will be compressed to the cancelled Market Partner's next upline.

#### 10.2.1 – Reclassification Following Cancellation Due to Inactivity

If a Market Partner's Agreement is cancelled due to any of the aforementioned reasons and he or she is on the Company's Market Partner Autoship program, the Autoship Agreement shall remain in force and the former Market Partner shall be reclassified as a VIP Customer.

#### 10.3 – Involuntary Cancellation

A Market Partner's violation of any of the Terms of the Agreement, including any amendments that may be made by MONAT in its sole discretion, may result in any of the sanctions listed in 8.1, including the involuntary cancellation of his or her Market Partner Agreement. Cancellation shall be effective on the date on which written notice is mailed, emailed, faxed or delivered to an express courier for delivery to the Market Partner's last known address, email address, or fax number, or to his or her attorney, or when the Market Partner receives actual notice of cancellation whichever occurs first.



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notice in the event that it elects to:

- a) Cease business operations;
- b) Dissolve as a corporate entity; or
- c) Terminate the distribution its products via direct selling.

### **10.4 –Voluntary Cancellation**

A participant in this Direct Selling program has a right to cancel at any time, regardless of reason. Cancellation must be submitted in writing to the Company at its principal business address. The written notice must include the Market Partner's signature, printed name, address and Market Partner ID Number.

If a Market Partner is on the Company's Market Partner Autoship program, the Market Partner's Autoship Agreement shall continue in force and the former Market Partner shall be reclassified as a VIP Customer, unless the Market Partner also specifically requests that his or her Autoship Agreement also be canceled.

### **10.5 –Non Renewal**

A Market Partner may also voluntarily cancel his or her Market Partner Agreement by failing to renew the Agreement on its anniversary date. The Company may also elect not to renew a Market Partner's Agreement upon its anniversary date.

## **SECTION 11 – Glossary of Terms**

### **Active Market Partner**

A Market Partner who satisfies the minimum Personal Retail requirements, as set forth in the MONAT Compensation Plan, to ensure that he or she is eligible to receive bonuses and commissions for particular month

### **Active Rank**

The term "active rank" refers to the current rank of a Market Partner, as determined by the MONAT Compensation Plan, for any pay period. To be considered "active" relative to a particular rank, a Market Partner must meet the criteria set forth in the MONAT Compensation Plan for his or her rank. (see the definition of Rank below)

### **Advancement Bonus**

Bonuses achieved for reaching pre-determined ranks in the compensation plan. These bonuses may be subject to required timelines and at times will include matching bonuses to uplines

### **Affiliated Party**

A shareholder, member, partner, manager, trustee, or other parties with any ownership interest in, or management responsibilities for, a Business Entity.

### **Agreement**

The contract between the Company and each Market Partner includes the Market Partner Application and Agreement, the MONAT Policies and Procedures, the MONAT Compensation Plan and the Business Entity Registration Form (where appropriate), all in their current form and as amended by MONAT in its sole discretion . These documents are collectively referred to as the Agreement.



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### **Business Entity**

A corporation, partnership, trust, limited liability company, or other type of entity that enrolls as a Market Partner.

### **Cancel**

The termination of a Market Partner's business. Cancellation may be either voluntary or involuntary through non-renewal or inactivity.

### **Commissionable Products**

All MONAT Products on which commissions and bonuses are paid. Starter Kits and Sales Aids are not commissionable products.

### **Commissionable Volume**

This is the volume on which commissions are paid

### **Company**

The term "Company" as it is used throughout the Agreement refers to MONAT Global Canada.

### **Retail Customer**

An individual who purchases MONAT products from MONAT as arranged by a Market Partner but who is not a participant in the MONAT Compensation Plan. A Retail Customer may participate in the MONAT Autoship Program by registering as a VIP Customer at his or her Market Partner's MONAT website.

### **Market Partner Activity Report**

An online report generated by MONAT that provides critical data relating to the identities of Market Partners, Sales Information, and enrollment activity of each Market Partner's Marketing Organization. This report contains confidential and trade secret information which is proprietary to MONAT and is accessible to Market Partners through the Back Office.

### **Downline Leg**

Each one of the individuals enrolled immediately underneath you and their respective Marketing Organizations represents one "leg" in your marketing organization

### **Downline**

See "Marketing Organization" below

### **Founder's Club**

Market Partners that promote to Market Mentor within one year of their sign up as long as they have signed up in the first year of the company's business will be recognized as Founders Club Members.

### **Generation**

The relationship between Managing Market Builder or higher and another Managing Market Builder or higher, based on Career titles.



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### **Group**

All of the Market Partners sponsored below a particular Market Partner, down to the first Market Partner of the rank of Associate Market Partner (AMP) or above in each Downline leg.

### **Group Volume**

The Personal Volume of a Market Partner and each of the Market Partners in the Market Partner's Group. See the definitions of "Volume" and "Group" above and "Personal Volume" below (Starter Kits and Sales Aids have no Bonus Volume)

### **Immediate Household**

All individuals who are living at or doing business at the same residential address, and who are related by blood or marriage, or who are living together as a family unit or in a family-like setting. A household includes, but is not limited to, spouses, heads-of-household, and dependent family members residing in the same residence.

### **Level**

The layers of downline Market Partners in a particular Market Partner's Marketing Organization. This term refers to the relationship of a Market Partner, relative to a particular upline Market Partner, determined by the number of Market Partners between them who are related by Sponsorship. For example if A sponsors B, who sponsors C, who sponsors D, who sponsors E; then E is on A's fourth level.

### **Marketing Organization**

The Market Partners sponsored below a particular Market Partner.

### **Official MONAT Material**

Literature, audio or video presentations, and other materials developed, printed, published and distributed by MONAT to Market Partners.

### **Personal Sponsor**

The Market Partner directly above another Market Partner in the genealogy is considered to be the Personal Sponsor

### **Personal Volume**

The total Volume of products sold in a calendar month:

- a) By the Company to a Market Partner
- b) By the Company to the Market Partner's Retail Customers
- c) By the Company to the Market Partner's VIP Customers

### **Rank**

The title that a Market Partner has achieved pursuant to the MONAT Compensation Plan. "Title Rank" refers to the highest rank a Market Partner has achieved in the MONAT compensation plan at any time. "Paid-As Rank" refers to the rank at which a Market Partner is qualified to earn commissions and bonuses during the current pay period.

### **Recruit**

For purposes of MONAT's Conflict of Interest Policy (3.9), the term recruit means the actual or attempted sponsorship, solicitation, enrollment, encouragement or effort to influence in any other way, either directly, indirectly or through a third party another MONAT Market Partner or VIP



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Customer to enroll or participate in another multilevel marketing, network marketing or Direct Sales opportunity.

### **Replicated Website**

A website provided by MONAT to Market Partners which utilizes website templates developed by MONAT. The cost of the Replicated Website is included in the Starter Kit purchase.

### **Resalable**

Products and Sales aids shall be deemed Resalable if each of the following elements is satisfied

- a) They are unopened and unused
- b) Packaging and labeling has not been altered or damaged
- c) They are in a condition such that it is a commercially reasonable practice with in the trade to sell the merchandise at full price and
- d) They are returned to MONAT within one year from the date of purchase

Any merchandise that is clearly identified at the time of sale as nonreturnable, discontinued, or as a seasonal item shall not be Resalable

### **Retail Sales**

Sales to VIP Customers and Retail Customers. If a sale is made to a VIP Customer or Retail Customer who subsequently submits a MONAT Market Partner Agreement within 30 days from the date of the sale or if an immediate household family member of the VIP Customer or Retail Customer submits a MONAT Market Partner Agreement within 30 days of the sale, such sale shall not constitute a Retail Sale.

### **Roll-Up**

The method by which a vacancy in a Marketing Organization left by a Market Partner who's Market Partner Agreement has been cancelled is filled.

### **Selling Bonuses**

Bonuses received as a result of arranging for the sale of products to others.

### **Social Media**

Any type of online media that invites, expedites or permits conversation, comment, rating, and/or user generated content, as opposed to traditional media, which delivers content but does not allow readers/viewers/listeners to participate in the creation or development of content, or the comment or response to content. Examples of Social Media include, but are not limited to, blogs, chat rooms, Facebook, Myspace, Twitter, LinkedIn, Instagram, Pinterest, Delicious, and YouTube.

### **Sponsor**

A Market Partner who enrolls another Market Partner into the Company and is listed as the Sponsor on the Market Partner Application and Agreement. The act of enrolling others and training them to become Market Partners is called "sponsoring"

### **Starter Kit**

A selection of MONAT Training Material, product samples and business support literature that each new Market Partner is required to purchase.



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### **Uni-Level Bonuses**

These are the bonuses paid on the sales of Market Partners below you. The percentages you are paid and the number of levels you are paid are based on your Paid As Title regardless of the titles of the people below you.

### **Upline**

This term refers to the Market Partner or Market Partners above a particular Market Partner in a sponsorship line up to the Company. Conversely stated, it is the line of sponsors that links any particular Market Partner to the Company.

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